Supreme Court of the United States

October Term, 1922.

No. 203.

OLGA GATHMANN FOLEY, Administratrix of the Estate of LOUIS GATHMANN, deceased,

Appellant,

vs.

THE UNITED STATES.

Appeal from the Court of Claims.

APPELLANT'S BRIEF.

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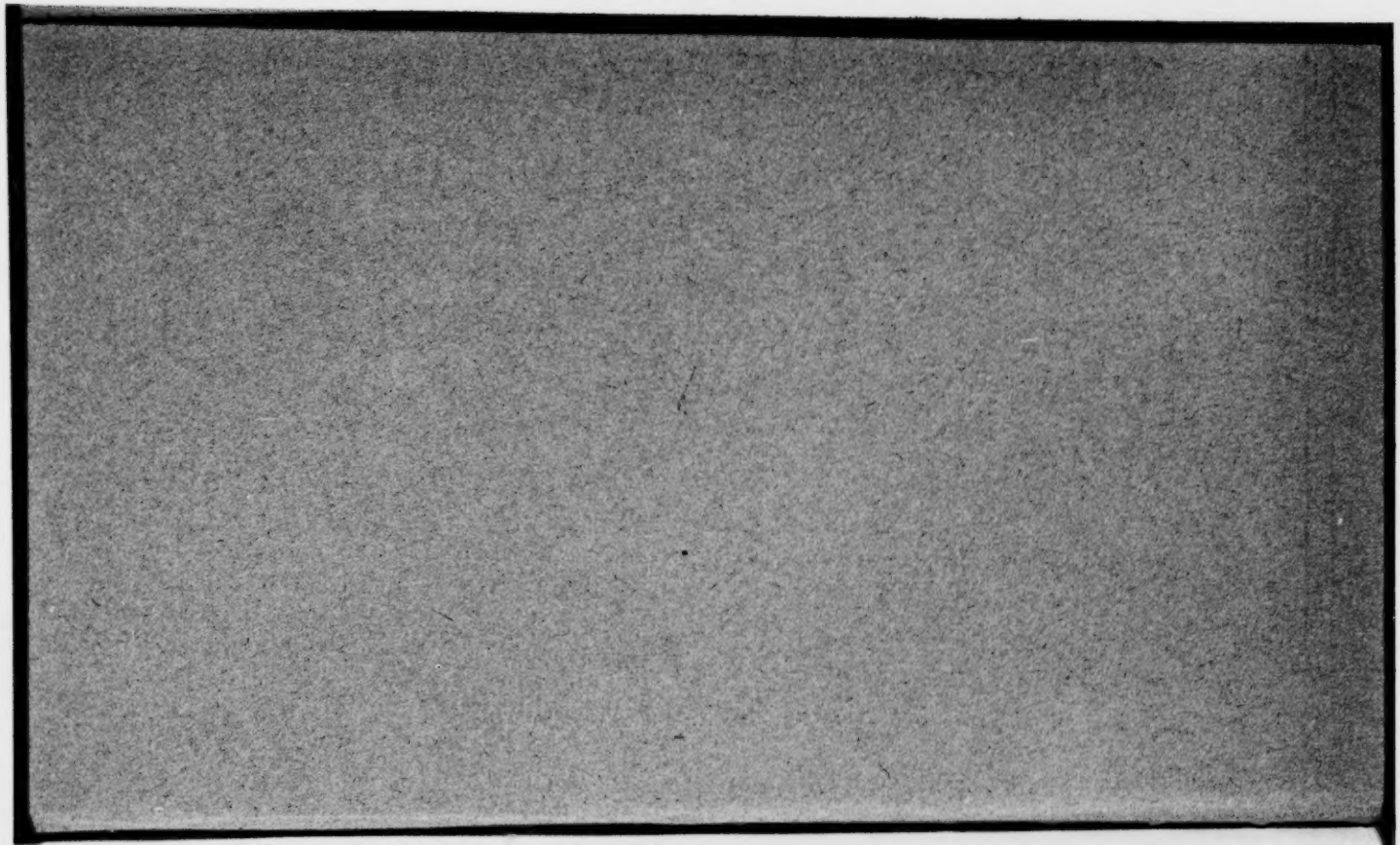

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SUPREME COURT OF THE STATE OF NEW YORK

OCTOBER TERM, 1922.

OLGA GATHMANN FOLEY, ADMINISTRATRIX OF THE ESTATE OF LOUIS GATHMANN, DECEASED, APPELLANT, *v.* THE UNITED STATES.	No. 203.

APPEAL FROM THE COURT OF CLAIMS.

APPELLANT'S BRIEF.

1.

OUTLINE OF THE RECORD.

The action was filed in the Court below by Louis Gathmann, the inventor, April 17, 1915, and the Administratrix of his estate filed the amended petition July 31, 1919 (R. 1). The amended petition is based on the two letters copied on p. 2 of the Record, and the subsequent use by the United States of Mr. Gathmann's patented method of drying materials used in the making of smokeless powder, such use being at the powder works of the United States at Indian

Head, Maryland, from April 17, 1909, to April 17, 1915 (R. 2, 3).

The case was tried in December, 1919, and was argued on tentative findings in May, 1920. Findings of fact and opinions were filed and judgment entered dismissing the petition May 31, 1921 (R. 4-21).

Appellant moved to amend the findings June 27, 1921, but the Court overruled the motion October 10, 1921, and appellant took an appeal to this Court (R. 22).

The opinion of the Court was rendered by Campbell, C. J. (R. 11-18) but Judge Booth filed a dissenting opinion (R. 18-21).

The purpose of the action was to recover an agreed royalty on the amount of powder produced by the United States, if it used in the manufacture the patented inventions of Mr. Gathmann, and it is alleged that the United States did use those inventions, and did produce large quantities of powder (R. 1-3).

The facts will be discussed under another heading.

Assignments of Error.

The Court below erred as follows:

1. In dismissing the petition and rendering judgment against the appellant.

2. In holding, on the facts found, that the appellant was not entitled to recover.

3. In holding that there was not an express contract license.

4. In considering what was said before the execution of the express contract license.

5. In considering the development and state of the art prior to the issuance of the patents.

6. In not rendering judgment in favor of the appellant on the facts found.

THE FACTS STATED AND DISCUSSED.

1. The drying of materials by the United States in its manufacture of smokeless powder prior to 1903 is described in Findings 2 and 3 (R. 5, 6).

Mr. Gathmann, an experienced inventor, had frequently discussed with the then Chief of Ordnance, Navy Department, the subject of improving the method of drying materials for smokeless powder, and February 9, 1903, he filed in the United States Patent Office an application, serial number 142,653, for letters patent on a method of drying materials of various kinds, and March 24, 1903, he delivered to the Chief of Ordnance the letter copied in full in the petition, p. 2 of the Record, the body only being copied in the findings (R. 7).

Two days later, March 26, 1903, the Chief of Ordnance wrote Mr. Gathmann the letter copied in full in the petition (R. 2) only the body of the letter being copied in the findings (R. 7).

We have copied both letters in full in our law argument for the convenience of the Court.

Mr. Gathmann, also, applied on the 22d day of January, 1904, to the United States Patent Office, serial number 790,224, for a patent covering a method of drying substances (R. 3, 6, 7, 8). On June 28, 1904, there was granted to him patents on both applications named, the patents being No. 763,387 and No. 763,388, and are made Exhibits 2 and 3 by the findings (R. foot of p. 8).

2. Tests were made at Indian Head, by the Ordnance Bureau, of Mr. Gathmann's patented apparatus and methods proposed by him in his letter, but the

Court finds that they "did not work satisfactorily" to the Bureau of Ordnance and thereupon the Acting Chief of that Bureau wrote Mr. Gathmann a letter, the body of which is copied in the findings (R. 8). The date of that letter is stated in the opinion (R. 13) as being October 4, 1904.

3. In the findings (R. 5, 9) the Court identifies certain drawings as Exhibits 1, 4, 5 and 6, and in Finding 8 (R. 9) there is described the use by the United States of the apparatuses and methods described in drawings, Exhibits Nos. 4, 5 and 6, beginning in 1907 and "to 1916."

We submit and hope to demonstrate that such use was but the use, beginning in 1907, of inventions covered by Mr. Gathmann's patents, Exhibits 2 and 3.

4. Finding 9 (R. 9) is of the negative character, and its purpose seems to be to furnish support to the previous finding in some way.

5. Finding 10 (R. 10, 11) makes exhibits of 19 foreign and domestic patents "showing the development and prior state of the art to which decedent's said patents, No. 763,387 and No. 763,388, relate"; also, the finding states that the drawings constituting Exhibit 1, mentioned first in Finding 3 (R. 5) illustrate the "apparatus and method of drying and solvent-recovery used by the Government in the year 1900." Finding 11 (R. 11) makes Exhibits 7 and 8 cover the file wrappers and contents in Mr. Gathmann's two applications for patent. Concerning these two findings we submit that the documents and papers mentioned in them are immaterial, irrelevant and not pertinent here. This is not an infringement case, but it is one founded on express contract—contract license, as we hope to establish in our law argument.

6. Finding 12 (R. 11) is to the effect that Mr. Gathmann on February 3, 1904, about ten months after making the agreement in writing with the Government, of February 3, 1903, by deed of assignment had conveyed an undivided one-fourth interest in the inventions covered by the two patents and had agreed not to grant licenses or assign any interest in the inventions and patents, except by written consent of all parties, and so forth.

Concerning this finding we submit:

(a) The deed was made about ten months *after* the contract license here sued on was made.

(b) The facts as found are wholly irrelevant and immaterial and are not pertinent here.

7. The Supreme Court takes judicial notice of the law of physics that when heated air comes in contact with alcohol or ether they become vapor and the air becomes vapor laden instantly. And where there is a considerable quantity of alcohol or ether in a closed space, such as the forty per cent of such solvents in green powder, the heated air will quickly become saturated with such vapors and reach the "dew point," as it is called. That is to say: such vapor saturated air coming into contact with a cold surface causes the vapors to return to a liquid form. It is the application of this law to the removal of such solvents from green powder that forms the basis of Gathmann's patents. The removal of the moisture from a substance is, of course, a drying process.

The only question for the Court to determine was whether the processes used by the defendant included one or more of the thirteen claims allowed in the plaintiff's patents. That Gathmann's method of drying powder was used by the defendant appears clearly by reading the description in Finding VIII (R. 9) of

the method used by the Government beginning in May, 1907 (Exhibit 4), in August, 1910 (Exhibit 5), and in 1914 (Exhibit 6), and comparing it with Gathmann's method as described in Claims 1, 2, 3 and 4 of Patent No. 763,387, and in Claims 1 and 2 of Patent No. 763,388.

As stated in Finding II (R. 5), the "green" powder contains about 40 per cent of alcohol and ether, called the solvent. And, as there also stated, "in operation the warm air from the heating chamber passes on to the powder chamber where it absorbs solvent from the 'green' powder, then passes on to the condensing chamber where the solvent carried by it is condensed to liquid form, the air then passing on to the heating chamber again for reheating and repetition of the cycle." This was the system or method established by the defendant in 1907 and on a larger scale in 1914, the "box type" method used from 1910 until 1916 applying the same principle but depending upon gravity instead of fans to cause the circulation of the heated air through the powder. It would seem to make little, if any, difference whether the heated air pass downward or upward through the green powder, the only requisite being the contact of the heated air with the substance containing the volatile solvent so that the air might carry the vapors into the cooling chamber where the vapors might change to liquid form and be drawn off. We are not informed by the findings how many minutes, hours or days were required to reduce the percentage of solvents from 40 per cent down to the desired 8 or 10 per cent when the powder is removed from the solvent recovery drier and exposed to currents of open air, but it is a matter of a number of days, covering Sundays and holidays. It is apparent that one of the mistakes of the defendant, and others perhaps, which

caused their failure in experimenting with a similar method in 1900, was in failing to use what Gathmann's method repeatedly and uniformly emphasizes, viz: not only a closed circuit, but the *exclusion of ambient* air until the treatment is ended.

The Court of Claims did not have jurisdiction in the case to determine that the Patent Office should not have granted these two patents to Gathmann. In effect this is done when it is held that the thirteen claims must be so construed as to describe something new to the state of the art. This not being an action for infringement, but being based upon an express contract, all the Court of Claims had the power to do was to read the thirteen claims granted by the Patent Office in these two patents and determine whether any one of them described the processes used by the defendant. Nor is it a fair consideration of the case to select some obscure or technical feature in one or more of the thirteen claims to be compared with the defendant's process to the exclusion of others of the claims which describe almost *verbatim* the method used by the defendant. It is true that Gathmann was granted some features which it is not claimed the defendant used, such as the saving separately the several solvents in the order of their boiling points. Another claim granted him was, if he desired to so construct a drying apparatus by having certain valves and combined heating and cooling attachment, he could heat the contents of the powder chamber before connecting it with the rest of the circuit. This is Claim 5 of Patent No. 763,388; but this was only one of thirteen claims. This separate heating is not mentioned in the other claims.

We submit that the fair way to determine whether the defendant's method of drying powder came within any of the thirteen claims allowed Gath-

mann is to get a clear understanding of the defendant's system and then read those of the claims allowed in the patents which we say include the defendant's operations.

One of the errors of the Court of Claims which resulted in the decision adverse to plaintiff was in failing to note or remember that when heated air comes in contact with alcohol or ether it becomes laden with their vapors—not instantly saturated to the "dew point," but *vapor laden.* In the main opinion, at page 16 of Record, after describing what it calls "Claim One of the letters patent," the Court concludes as follows: "Claim One, then, is limited * * * to producing a vapor laden atmosphere in the space occupied by the powder, the powder chamber. *The defendant never at any time used such a method.*" Of course this is not correct, for the several methods used by the defendant are described in Finding 8, and in each of them it appears that heated air is brought into contact with the green powder and, either by fan or gravity, caused to pass through it repeatedly and continuously in a closed circuit. Of course this contact of the heated air with the alcohol and ether caused the air to become vapor laden whether the defendant wished it or not.

The only part of the findings even hinting that Gathmann's method was not used is found in Finding 9. We consider the parts of this finding in their order:

After describing the devices and methods used by the defendant (Finding 8) the Court below, in Finding 9 (page 9 of Record) finds:

1st, "There was no initial or preliminary production of a vapor laden atmosphere in the powder chamber prior to the beginning of the circulation of the air

in the circuit." In answer we repeat that only one of the thirteen claims allowed in the patents (Claim 5 of Patent No. 763,388) suggests such initial or preliminary production of a vapor laden atmosphere in the powder chamber before connecting it with the other parts of the circuit.

2nd: "There was no preliminary circulation of the air in the circuit before the reducing of the temperature and starting condensation in the condensing chamber." In answer we say that neither is such preliminary circulation provided for in any of the Gathmann claims unless it be in Claim 5 of Patent No. 763,388, and even there it is only permissible if desired, but not essential.

3rd: "And there was no attempt to maintain a vaporous or vapor-laden atmosphere in the circuit or in the powder chamber, the effort being, on the contrary, to get all the moisture possible out of the air as it passed through the condensing chamber." In answer we say again it was not a matter of "attempt." It was inevitable that a vaporous and vapor-laden atmosphere would be created the instant the heated air came in contact with the green powder, and would continue vaporous and vapor laden until all the alcohol and ether were extracted from the powder or the powder be removed from the drier.

The only other finding (apart from the opinions) which purports to be adverse to the plaintiff is found in the closing paragraph of Finding 6 (R. 8), where, after referring to an interrupted and unsatisfactory test in 1903 and 1904 of the apparatus constructed by Gathmann, the Court finds: "No change was made in the Government's solvent recovery processes *as a result of this test.*" (Italics not in original.) Whether as a result of that test or because of further

study is not important. When in 1907, 1910 and 1914 the defendant adopted Gathmann's methods it became liable under the contract. Gathmann had not withdrawn or cancelled his proposal of March 24, 1903, and the patents still being alive the defendant would certainly become liable as soon as it began making use of the method, no matter how long it saw fit to postpone resuming or beginning its use.

For the convenience of this Court in considering what we submit is clearly shown by the record, viz: That Gathmann's method was used by the defendant, we print here together the description of the defendant's processes as found in Finding 8, and five of the claims allowed in Gathmann's patents which especially apply and clearly include the processes used by the defendant.

FINDING 8. "Beginning in the year 1907, there have been used by the Navy Department at various times, in the manufacture of smokeless powder, drying and solvent-recovery apparatus and methods illustrated by the drawings set forth as Exhibits 4, 5 and 6 to these findings of fact, which exhibits are by this reference made a part of said findings.

"Exhibit 4 illustrates an apparatus and method used beginning about May, 1907, in which a powder can, or container, a fan, a steamcoil heater, and a brine condenser were all connected by intervening pipe sections, the whole forming a closed circuit. The air was heated in the heater, driven by the fan into the powder can at the bottom, passed up through the powder in the can, absorbing solvent from the powder, then out of the top of the powder can and through the pipe into the condenser, where the solvent in the air was condensed and drawn off, the air pressing on to the heater again, to repeat the cycle.

"Exhibit 5 illustrates an apparatus and method used from about August 1, 1910, to 1916, known as the box-type method, the apparatus consisting of a vertically partitioned box with a heater in one side and a condenser, with a powder chamber above it, in the other side, and with connecting air passages at top and bottom between the two sides, or compartments, of the box, thus forming a closed circuit. Air heated by the heater passed upward and through the connecting passage over into the top of the powder compartment, then down through the powder, absorbing solvent from it on the way and descending by gravity to the condenser, where the solvent in it was condensed and drawn off, the air then passing through the connecting air passage at the bottom into the heater compartment, to repeat the cycle. In this method the circulation is gravity circulation, induced wholly by the heating and the cooling of the air in the different parts of the circuit.

"Exhibit 6 illustrates an apparatus and method used since 1914, in which the method is substantially similar to the method used by the Government in 1917 (Exhibit 4), the apparatuses, however, being somewhat different in structure."

CLAIM 1 of Patent No. 763,387. "Producing a vapor-laden atmosphere in a space containing the substance to be dried, causing the vapor-laden atmosphere to flow downwardly through said space and through a space on a lower level and back again to the first-named space, heating the atmosphere to a vaporizing temperature during circulation, maintaining the circulation until the atmosphere is saturated with vapor, then lowering the temperature of said atmosphere during its passage through the space on the lower level to a condensing temperature, restoring the lost heat to the atmosphere after it has left said lower space, and

continuing these operations, under exclusion of ambient air, until the substance is substantially free from vaporizable matter, for the purposes set forth."

CLAIM 2 of Patent No. 763,387. "The method of drying, which consists in causing a drying medium to flow downwardly through a space containing the substance to be dried and through a second space on a lower level and back to the upper part of the first-named space, heating the said medium to a vaporizing temperature while in circulation, maintaining the latter until the medium is saturated with vapor, then reducing the temperature of the saturated medium to a condensing temperature during its passage through the space on a lower level, restoring the lost heat to the medium after it has left the last-named space, and continuing these operations under exclusion of ambient air until the substance to be dried is substantially free from vaporizable matter, for the purposes set forth."

CLAIM 4 of Patent No. 763,387. "The method of drying, which consists in first heating a drying medium to a vaporizing temperature while confined in a space containing the substance to be dried, then causing the so-heated medium to flow downwardly through said space and thence through a space on a lower level and back to the upper part of the first-named space, reducing the temperature of the medium to a condensing temperature during its passage through said space on a lower level, restoring the lost heat to the medium during its passage through the space containing the substance to be dried, and maintaining these operations until said substance is substantially free from vaporizable matter, for the purposes set forth."

CLAIM 1 of Patent No. 763,388. "The method of drying which consists in first forming a vaporous at-

mosphere in a space containing the substance or material to be dried, then causing said atmosphere to continuously flow from said space through a second space and back to the first-named space, heating the atmosphere, while in circulation, to a vaporizing temperature, then reducing the temperature of the atmosphere during its passage through said second space, restoring the lost heat and regulating the condensation to maintain the atmosphere in a vaporous condition until the substance or material to be dried has been freed from a portion of its vaporizable matter, then condensing the vapors, and effecting these operations under exclusion of ambient air, for the purposes set forth."

CLAIM 2 of Patent No. 763,388. "The method of drying, which consists in first forming a vapor saturated atmosphere in a space containing the substance or material to be dried, then causing said atmosphere to continuously flow from said space through a second space and back to the first-named space, reducing the temperature of the atmosphere during its passage through said second space to a condensing temperature, restoring the lost heat to the atmosphere after it has left said second space, regulating the condensation to maintain the atmosphere in a vaporous condition until the substance or material to be dried has been freed from a portion of its vaporizable matter, then condensing the vapors and effecting these operations under exclusion of ambient air, for the purposes set forth."

As pointed out in the dissenting opinion of Justice Booth, it was not necessary for the defendant to use a fan to force the air through the circuit, to bring the process within the scope of Gathmann's patents.

We submit that the facts found show that the Government used the patented inventions.

Law Points Discussed.

1. Mr. Gathmann's letter of March 24, 1903, and the letter of the Chief of the Bureau of Ordnance, dated March 26, 1903, formed an express contract.

2. The word "option" in those letters is the legal equivalent of "right" or "privilege."

3. Those letters made an express contract of license for the full term of the patents.

4. The license could not be renounced, or ended in any manner, except by mutual consent or the fault of Mr. Gathmann.

5. Mr. Gathmann, after the receipt of the letter of October 14, 1904, had the right to regard the license as still in force and to sue for the unpaid royalties, the Government having used his inventions thereafter.

6. The Court below should not have considered what was said by Mr. Gathmann and the Chief of the Bureau of Ordnance prior to the writing of the letters of March 26 and 28, 1903.

7. The Court below should not have considered the development and state of the art prior to the issuance of the patents.

8. The licensee is estopped to deny the validity of the patents.

LAW ARGUMENT.

I.

Mr. Gathmann's letter of March 24, 1903, and the letter of the chief of the Bureau of Ordnance, dated March 26, 1903, formed an express contract.

We copy those letters for the convenience of the Court:

"1839 Vernon Ave. N. W.,
Washington, D. C., March 24, 1903.

Sir: The undersigned has made an invention, 'Method of drying materials,' for which patent has been filed Feb. 9, 1903, series No. 142,653.

Now, in consideration of the Navy Department building an apparatus for testing this method, without expense to me, I hereby give the Navy Department the option of using my method of drying materials, if they find it to their advantage, by paying to me, my heirs, or my legal representatives, $0.01 (one cent) for each pound of material dried by my method.

Very respectfully,
LOUIS GATHMANN.

ADMIRAL O'NEIL,
Chief of Bureau of Ordnance."

"Navy Department,
Bureau of Ordnance,
Washington, D. C., March 26th, 1903.

Sir: Referring to your communication of March 24, 1903, offering the Navy Department the option of using your method of drying materials, on payment of one cent per pound on materials so dried:

1. The bureau has to inform you that it accepts your proposition and has ordered one ex-

perimental apparatus for drying smokeless powder, constructed in accordance with plans submitted by you. This apparatus will be tested without expense to you, and, if it works satisfactorily to the bureau, the bureau agrees to pay you, your heirs, or legal representatives, one cent for each pound of smokeless powder dried by the method covered by your application or applications filed or to be filed with the U. S. Patent Office, provided a patent or patents is or are issued to you therefor.

Respectfully,
CHARLES O'NEIL,
Chief of Bureau of Ordnance.

MR. LOUIS GATHMANN,
#1839 Vernon Avenue, Washington, D. C."

It is elementary that an express contract is one made in distinct and explicit language, or by writing; as distinguished from an implied contract.

2 Kent's Comm., 450.

Here there was an offer and an acceptance of it by a letter duly posted, thus making the contract complete.

United States v. Burns, 12 Wall. 246, 247, 251, 252.

The findings of fact show that the contract in writing was then put in performance by the parties and we submit that they show, also, that the Government, after October 14, 1904, used Mr. Gathmann's patented inventions.

II.

The word "option" in those letters is the legal equivalent of "right" or "privilege."

Option is the power of choosing; the right of choice or election; an alternative (*Webster*).

An "option" is an unaccepted offer. It states the terms and conditions on which the owner is willing to sell or lease his land, if the holder elects to accept them. If the holder of the option does so elect, he must give notice to the other party, and the accepted offer thereupon becomes a valid and binding contract.

McMillan v. Philadelphia Co., 159 Pa. 142;
Hopwood v. McCausland, 120 Iowa 218.

In the instant case the offer was accepted in writing and thus there became a valid and binding contract between the parties.

III.

Those letters made an express contract of license for the full term of the patents.

(a) This contract was but a license to use the inventions covered by the patents, upon the consideration stated.

United States v. Burns, 12 Wall. 246, 252;
St. Paul Plow Works v. Starling, 140 U. S. 184, 185, 195, 196;
2 Robinson on Patents, Secs. 806, 808, 809, 811, 812.

As was said by this Court in *Henry v. Dick Co.*, 124 U. S. on p. 24:

> "A license is not an assignment of any intent in the patent. It is a mere permission granted by the patentee. It may be a license to make, sell or use, or it may be limited to anyone of these separable rights. If it be a license to use, it operates only as a right to use without being liable as an infringer."

(b) In the case at bar there was that permission to use and upon a valuable consideration. There was no time limit stated, and so the express license was for the full term of the patents. Unless otherwise agreed, an express license expires at the end of the patent's life.

2 Robinson on Patents, Sec. 816 and notes.

In *St. Paul Plow Works v. Starling,* 140 U. S. 184, there was an express contract license (pp. 185, 195, 196). After holding that there was no limitation on the face of the license (p. 195) the Court said:

> "The contract has no provision for its termination or its renunciation. The grant is of the right to make and sell the Starling sulky plow under the patent, that is, *under the patent so long as it is a patent, for the whole term of its duration.* (The italics are not in the original.)

IV.

The license could not be renounced or ended in any manner, except by mutual consent or the fault of Mr. Gathmann.

The findings do not state or imply that Mr. Gathmann consented to the attempt of the Government to put an end to the license, or that he was in fault in any respect. This is what happened. October 14,

1904, as we gather from the opinion (R. 13) the Bureau of Ordnance wrote Mr. Gathmann a letter, the body of which is in Finding 6 (R. 8) as follows:

> "Referring to your apparatus for drying powder, installed at the naval proving ground for trial: The bureau forwards herewith a copy of the report made by the inspector of ordnance in charge of that station for your information. After carefully considering this report the bureau is of opinion that this apparatus has failed to demonstrate anything that would warrant further experiment with it, and the bureau has instructed the inspector of ordnance in charge of the naval proving ground that, when the drier can hold no more samples the whole amount be put in the dry house until dried to the proper volatiles."

If that letter is to be construed as a notice of renunciation or termination of the license, then we submit that it was not effective in law because it was not done by mutual consent or through the fault of Mr. Gathmann.

> *St. Paul Plow Works v. Starling*, 140 U. S. 184, 195, 196.

In that case, as in the case at bar, there was no provision in the license "for its termination or its renunciation," and afterwards the invention was used by the licensee.

V.

Mr. Gathmann, after the receipt of the letter of October 14, 1904, had the right to regard the license as still in force and to sue for the unpaid royalties, the Government having used the inventions thereafter.

Finding 8 (R. 9) states that, beginning in 1907, there have been used by the Navy Department at various times, in the manufacture of smokeless powder, drying and solvent apparatus illustrated by the drawings set forth as Exhibits 4, 5 and 6. We submit that we have shown in our discussion of the facts that such use was of the Gathmann patented inventions.

The Record (p. 1) shows that Mr. Gathmann filed the original petition in the Court below on April 17, 1915. The original petition is not in the record here but we state professionally that it covered the period of that use from October, 1904.

The amended petition (R. 1-4) was filed July 31, 1919, by the administratrix, and it covers specifically the six year period (p. 3), beginning April 17, 1909, The Court below had no jurisdiction beyond six years prior to the filing of the original petition.

It is shown by Finding 6 (R. 7) that the contract had been put in performance by the parties in 1903 and 1904 and that October 14, 1904, as we have shown, the letter of that date was written by the Ordnance Bureau to Mr. Gathmann, but he had the right to regard the license as still in force and to sue for the unpaid royalties, if the Government thereafter used the patented inventions. That doctrine is established by *St. Paul Plow Works v. Starling*, 140 U. S. 184.

In that case the parties, December 17, 1877, entered in an express contract license (p. 185) for the use of Starling's patent. The contract was put in perform-

ance by the licensee and the patented plows were made and sold, but December 5, 1878 (pp. 186, 188) the licensee gave Starling, the licensor, written notice that the construction of the patented plow was unsatisfactory, and that it renounced its license to make and sell the plow. After a time Starling sued the licensee for the contracted royalties and the case was tried early in 1887 (p. 187). The Court found (pp. 187-190) that the licensee, *after its notice of renouncement,* had made 1,310 plows that were covered by the patent.

In its opinion the trial court held (p. 191) that the licensee could not, without the consent of Sterling, terminate the rights conferred by the license, and, there being no limitation on its face, the license continued until the expiration of the letters patent. That opinion in full is in 29 Fed. 790.

The opinion in this court (pp. 193-198) was written by Mr. Justice Blatchford, and it (p. 195) affirms the opinion of the Circuit Court that the licensee could not terminate, without the consent of the licensor, the rights conferred by the license, and that as there was no limitation on its face, the license continued until the expiration of the patent, "The contract has no provision for its termination or its renunciation."

And on page 196 Mr. Justice Blatchford said:

> "We are of the opinion that the license, in the absence of a stipulation providing for its revocation, was not revocable by the defendant, except by mutual consent or by the fault of the other party. If the plaintiff, after receiving the notice, had sued the defendant for infringement, he would have been properly regarded as acquiescing in the renunciation; but, instead of that, he elected to regard the license as still in force, and brought an action to recover the royalties provided for by it, which he was entitled to do. *Marsh v. Harris Mfg. Co.*, 63 Wisconsin 276; *Patterson's Appeal,* 99 Penn.

St. 521; *Union Mfg. Co. v. Lounsbury*, 41 N. Y. 363.

"The defendant could not coerce the plaintiff into putting an end to the contract, by the means it adopted. It must bring a suit to set aside the contract before it can be allowed to say that, in regard to what it afterwards does, it does not act under the contract, provided the machines it makes embody a claim of the patent. Notwithstanding the defendant gave notice that it renounced the license, yet it did not in fact renounce it, for it continued to make flaws embodying one of the claims of the patent."

The judgment of the Circuit Court was affirmed.

We submit that the facts found bring the instant case within the rules of law laid down in the case quoted from.

VI.

The Court below should not have considered what was said by Mr. Gathmann and the Chief of the Ordnance Bureau prior to the writing of the letters of March 26 and 28, 1903.

Finding 4 (R. 6) deals with conversations prior to the writing of those letters, and it is stated that Mr. Gathmann claimed to have a method that would both dry and recover the solvent in a much shorter time than by the systems in use by the Government. A statement of broader nature is made (R. 22) in the opinion of the Court below.

Concerning all this we submit:

(a) There is nothing of the kind in the express contract license.

(b) No principle is better settled at common law than that when persons put their contracts in writing, it is, in the absence of fraud, accident or mistake, conclusively presumed that the whole engagement, and the extent and manner of their undertaking, was reduced to writing.

Bast v. Bank, 101 U. S. 93, 96.

A parol agreement, made before the written license, is merged in the license.

Evory v. Candee, 17 Blatch. 200.

Oral evidence is not admissible to explain a written license, but the parties must stand by it as made

Troy Iron & Nail Factory v. Corning, 1 Blatch. 467.

The rule is stated elaborately in 1 *Greenleaf on Evidence* (14th ed.) Sections 275-277, and we submit that it is applicable here.

VII.

The Court below should not have considered the development and state of the act prior to the issuance of the patents.

The Court below in Findings 10 and 11 (R. 10, 11) put in this record patents issued from 1878 to and including 1902, and the file wrappers on Mr. Gathmann's applications for the patents in suit, for the purpose as it states (top of p. 10) of showing the "development and prior state of art."

Concerning all this we submit that this is not an infringement case but is one on an express contract license to use the inventions as patented. See *United*

States v. Palmer, 128 U. S. 262, 269. Therefore, the development and prior state of the art, and these documents so put in the record, are wholly irrelevant and immaterial and should not be considered.

The Government agreed that if it used Mr. Gathmann's inventions when patented it would compensate him as stated. We submit that it did use such patented inventions and thus became obligated to make payment, no matter what was the prior state of the art. It was left to the patent office to decide what should be patented, if anything. The development and prior state of the art are not within the issues. The sole question here is, Did the Government, under the contract license, use any of the inventions covered by the patents?

VIII.

The licensee is estopped to deny the validity of the patents.

The matters set forth in Findings 10 and 11 (R. 10, 11) were used as an assault on the validity of the patents, and we submit that the Government is estopped to deny that validity after it contracted for the use of the inventions to be patented and did use them or some of them.

The validity of a patent cannot be determined in an action against the licensee for the recovery of compensation or royalties, for the licensee is estopped to deny the validity of a patent, the use of its inventions having been enjoyed by him.

Kinsman v. Parkhurst, 18 Howard 289, 293;
Moore v. Boiler Co., 84 Fed. 346;
Pope Mfg. Co. v. Owsley, 27 Fed. 105;

Magic Ruffle Co. v. Elm City Co., 13 Blatch. 151;
Birdsall v. Perego, 5 Blatch. 251;
Marston v. Sweet, 82 N. Y. 526, 533.

We submit that the judgment of the Court below should be reversed.

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